



**MINUTES OF THE MEETING OF THE
LEON VALLEY ECONOMIC DEVELOPMENT CORPORATION**

March 28, 2012

The regular meeting of the Leon Valley Economic Development Corporation (LVEDC) convened at 6:37 p.m. on **Wednesday, March 28, 2012** in City Council Chambers at 6400 El Verde Road, Leon Valley, Texas.

I. ROLL CALL

Present were Vice-President Abraham Diaz acting as President, Treasurer Michael McCarley, Secretary Nancy Marin, Board Members Claude Guerra III, Dr. Georgia Zannaras, and Herman Segovia. Absent was Stephen Ynostrosa. Also present were Board Attorney Steven Peña, Director of Community Development Kristie Flores, and Director of Economic Development Claudia Mora acting as staff support and recording secretary.

III. CITIZENS TO BE HEARD

Acting President Diaz entertained a motion to change the order of business and move Agenda Item II. Officer Nominations and Conduct Election of Officers down and bring up Agenda Item III. Citizens to be Heard to allow the absent board members time to join the proceedings. Board Member Marin made the motion and Board Member Guerra seconded the motion. The motion passed unanimously.

Mr. Diaz proceeded down the list of citizens who signed up to speak. Each speaker was granted five (5) minutes for comments:

Ms. Rose Ryan, representing the Leon Valley Area Chamber of Commerce;

Mr. Al Baldrige;

Mr. Thomas LeRoy

IV. CONSIDER LVEDC MINUTES – OCTOBER 11, 2011 AND FEBRUARY 22, 2012

Board Member Marin questioned whether staff had researched and inserted language stating no board action was taken in executive session. Ms. Flores stated that she inserted language in the minutes to indicate whether action had been taken in executive session. She also informed the board that she received comments on the minutes from Board Members Marin and Guerra, and made changes accordingly. She distributed updated copies of the revised minutes. Mr. Guerra moved to approve the minutes of October 11, 2011 and February 22, 2012. Board Member McCarley seconded the motion. The motion passed unanimously.

V. FINANCIAL REPORT BY LVEDC TREASURER (MICHAEL MCCARLEY)

Board Member McCarley reported that as of March 28, 2012, the LVEDC demand/checking account was \$14,036.40 and the corporation's money market account was \$343,098.19. He noted that the total of both accounts was \$357,134.59. Mr. McCarley reported that the February sales tax contributed to the LVEDC account was \$22,744.24. For March, the amount was \$15,296.65. This brought the total 2012 sales tax amount to \$54,511.32 for January to March 2012. Board Member McCarley also reported that there were four (4) bills to be paid – three (3) bills for attorney fees and

one from Star Documents, as part of file copying for pending lawsuit. Mr. McCarley also mentioned that the LVEDC's contract with the City of Leon Valley required a payment. He noted the total financial obligations of the LVEDC were approximately \$24,000.

Board Member Segovia moved to accept the treasurer's report. Board Member Guerra seconded the motion. The motion passed unanimously.

VIII. DISCUSSION AND CONSIDERATION OF ACTION WITH ATTACHED RESOLUTION 2012-003, REGARDING BANK SIGNATURE DE

Board Member McCarley reported on his discussions with Frost Bank regarding the change of persons designated to sign checks on behalf of the LVEDC. The original bank requirement included providing the bank with a copy of the certified meeting minutes and signed resolution appointing the new signees. In addition, the two existing signees were needed to transfer the signatures designation. Mr. McCarley also informed the board that the bank preferred not having two signees on the checks. He noted that the change process at the bank could take two to three weeks because our request would be sent to the bank's attorneys for their review. Mr. McCarley also said that if the LVEDC decided to go with one signor, there would have to be some internal procedures developed. Also, Mr. McCarley informed the board that the bank would assess a fee for each check to process them through their scanner. Because there are two signatures on the checks, each check would have to be hand-processed through the scanner twice.

Board Attorney Peña recommended that the Board have the executive director, Ms. Mora, look into the bank's requirements for designating new signees on the LVEDC's checks.

Board Member Marin noted for the record that she agreed with Mr. McCarley that there should be two signees on the LVEDC checks.

VI. FOLLOW UP DISCUSSION AND CONSIDERATION OF ACTION WITH ATTACHED RESOLUTION 2012-001, ON A GRANT APPLICATION BY NORA PEREZ, APPLICANT, GDA INSURANCE – REQUEST AMOUNT \$9,663 FOR TWO (2) BUSINESS SIGNS

Applicant Nora Perez presented her application for grant funding noting that the funding request changed from \$9,663 to \$6,743.91. Ms. Perez stated that she was making a \$1,000 cash match. She also reported that at the Board's recommendation, she met with a representative of ACCIÓN to discuss a business loan through that organization. She reported that the quoted interest rate of 10% to 15% was too high for her to consider a loan with ACCIÓN. At the request of the City of Leon Valley, Ms. Perez provided information on the insurance agency's tax contribution. Ms. Perez stated that for 2009 through 2011, the taxes were estimated to be \$173.80. Her projection for 2012 was \$70.80. Also, Ms. Perez provided projections for staff and client food purchases and sales taxes to be paid for 2012.

Ms. Perez said she was working with the property manager to bring new business to Leon Valley. She listed four businesses that she's identified to target for attraction.

Board Member McCarley asked if Ms. Perez was making an outright grant request and Ms. Perez noted that she was. Board Member Marin asked for clarification on whether the projected sales tax contribution in Ms. Perez's presentation was based on the 1/8¢ sales tax increment. Ms. Perez responded that it was.

Acting Board President Diaz mentioned that the board had offered Ms. Perez a loan. Ms. Perez stated that, at this time, the loan was not an option for her. Board Member Zannaras noted the owner's non-participation in assisting their tenant.

Board Member Segovia asked Ms. Perez when the term of her lease expired. She replied that the current term expires in November 2012.

Mr. Diaz stated that the last time the application was presented it did not meet the general criteria. He also noted that the Board would look at funding a request if the business was contributing sales tax. In addition, the Board would look into providing funding through a low interest loan. Mr. Diaz stated that the LVEDC needs to look into a policy whereby each business's background is reviewed thoroughly, and the Board may provide funding through a low interest loan.

Acting President Diaz asked if Ms. Perez would stay in Leon Valley when her lease is up in November. Ms. Perez mentioned she had invested in her location and wants to stay. She commented that she did not understand why she was considered to be ineligible for LVEDC funding. Mr. Diaz noted that the Board was not declaring Ms. Perez to be ineligible; the Board is monitoring the distribution of funds. He stated that he hopes the Board will fund sales tax generators in the future.

Board Member Segovia asked Board Attorney Peña how funding works with other communities with economic development corporations. Mr. Peña commented that the law is broad and that economic development corporations (EDC) can fund all types of businesses. The EDCs typically want to see what businesses have invested into the business and in the community. There is nothing in the law that prevents the LVEDC from being creative in how to provide funds. Mr. Peña commented that criteria for grant funding are needed. Mr. Peña said that a low interest rate on a \$6,000 loan would be worked out with low monthly payments or a combination of a loan and grant could be done.

Mr. Segovia said he wanted to see the business put in some money into the project. If a loan was not an option, then perhaps a 70/30 grant option (70% from LVEDC and 30% from the business) with a commitment from Ms. Perez to stay in Leon Valley.

Mr. Diaz stated that the grant funding cannot be one-sided. He asked if the Board would entertain a \$3,000 grant.

Board Member Marin stated that in the training session she attended in 2011 it was emphasized that EDC's should not be in the business of giving away money. There should be clawback language in agreements. Ms. Marin also said that the training encouraged the EDCs to think about the longevity of the business as well as job creation.

Board Member Zannaras noted that LVEDC partial funding was the best option because investment by the business is necessary. She also stated that signage is no guarantee of bringing in new business. Dr. Zannaras suggested that language regarding the business paying back the loan and staying in Leon Valley be part of any loan and/or grant agreement.

Ms. Perez stated that business was better when she had a sign. She invested in three flags which could not be used due to a change in the City Code.

Acting President Diaz noted it was the direction of the board to have the business invest or share in the cost of the signs. He also said that the LVEDC needs policies and procedures in place for the application process. He wanted the board to see an application and scoring sheet at the next meeting.

Mr. Peña informed the board that Ms. Perez and her LVEDC funding application had been before the board three times. He recommended that the executive director score the application using the current criteria and that the board take action on funding contingent upon the application receiving a passing score of 70 or more.

Board Member Guerra said he appreciated the diligence by the applicant, Ms. Perez, and that the LVEDC should have a policy in place outlining what would be done with non-sales tax generating business and sales tax generating businesses who apply for funding. Mr. Guerra stated that he felt strongly about having participation (investment) from the applicant businesses. He suggested that the scoring be done quickly and then proceed into the funding amount, which should be shared between LVEDC and the applicant. Mr. Guerra said that the LVEDC would like to see Ms. Perez stay in Leon Valley.

Mr. Peña commended Ms. Perez on her research and work to get lower quotes for the sign, and, in turn, a lower funding request to the LVEDC. Ms. Perez stated she had worked hard to get the quotes and make her commitment of \$1,000 to the project.

Board Member Marin asked Ms. Perez if she would reconsider an LVEDC loan. Ms. Perez said that if, after the scoring, the application does not meet the criteria, then she would consider the loan.

Board Member McCarley asked for Ms. Perez to describe the original sign. Ms. Perez described the sign and stated that she wanted the new sign to be visible to drivers on Bandera Road. Community Development Director Flores explained that temporary banners were allowed for six months at a time and that there is a 30-day wait period in between requests for signage. Also, signs are not allowed in the right of way, and portable signs are not allowed.

Mr. McCarley suggested that if Ms. Perez's application was going to be scored, that one of the Board members be present during the scoring to ensure that the director's assessment is in sync with the Board's assessment.

Acting President Diaz stated the Board direct Ms. Mora to score Ms. Perez's application; if the score is 70 or above, then the board would entertain funding through a low interest loan or a grant of \$3,000 with the applicant to fund the balance.

Mr. McCarley commented that if a loan is offered, it should be structured so that payments would start a few months down the line to give the applicant an opportunity to generate new business. Mr. Peña commented that the loan repayment could begin with low payments and then increase over time.

Board Member Guerra said that the Board and staff could present and discuss the loan condition with the applicant. Once that was done, the applicant may be able to do a loan instead of a grant.

Acting President asked Ms. Perez if, for example, the payments started at \$100 per month, could she make payments. Ms. Perez indicated that she would. Mr. Diaz said that the application would be scored and if it scored at least 70, then funding options could be discussed and considered.

Ms. Perez asked if the funding options were going to be considered even though other applicants' funding requests had been granted in full. Mr. Diaz stated that the LVEDC was going toward partial funding.

Mr. Guerra suggested the application be scored first, then the funding amount and options could be discussed.

Board Attorney Peña commented that if the application scored the minimum points for funding, then the executive director could return to the Board with recommendations. The Board would decide which option to approve.

Acting President Diaz asked for a motion to direct staff to score the application with a board member present; if the application passes 70, then staff would bring a funding recommendation to the board for consideration and approval.

Board Member Marin emphasized to staff that the application needed to be complete. Ms. Perez stated that she had re-done the application, and then asked if the scoring would be an open process. Mr. Diaz stated that the only persons to be present were a board member and staff.

Mr. Peña suggested that after the scoring, the executive director and applicant meet to discuss funding options. If the applicant does not agree with the options, then there is no need to recommend options to the Board.

Board Member Guerra stated that the Board direct staff to score the application with a board member present. Assuming that the application receives the minimum amount of points, Ms. Mora and Ms. Perez would meet to discuss the funding options with the provisions discussed at this Board meeting. The resulting options would then be recommended to the board for consideration and approval. Mr. Peña recommended that the applicant have time to review the numbers presented in the options.

Ms. Marin stated that all projects need to be taken to City Council for approval.

Mr. Peña stated that normally, the EDC budget is approved by City Council. As long as that is done and the EDC has money, it can expend funds.

Community Development Director Flores stated that she had looked into City Council approving the grants and found that they should be considered by City Council. She stated that staff can look into it again and report back to the Board.

Board Member Segovia moved to direct Ms. Mora to score Ms. Perez's application; give the Board three or four options – including grant, loan, grant and loan – with clawback language, and to report on the applicant's preferred option. Board Member Segovia seconded the motion.

Board Member Zannaras stated that the Board needed to have a definite date on the longevity period for the grant/loan. Mr. Segovia amended his motion to include a longevity period of two years. Board Member Marin added that a board member be present during the scoring. Mr. Segovia added that to his motion. Dr. Zannaras seconded the motion. The motion with its amendments passed unanimously.

Acting President Diaz, announced that the Board would take a short break at 8:30 p.m.

Acting President Diaz called for the meeting to resume at 8:40 p.m.

II. OFFICER NOMINATIONS AND CONDUCT ELECTION OF OFFICERS

Acting President Diaz asked the Board Members to introduce themselves to Board Member Segovia at Board Member Marin's suggestion.

Mr. Diaz asked Board Attorney Peña if an absent Board Member was eligible to be nominated and elected for office. Mr. Peña said "yes" and that the absent Board Member could decide if he/she wanted to accept the position. There was nothing to prohibit the nomination and election of an absent board member.

Mr. Diaz opened the floor for nominations for President. Board Member Guerra nominated Mr. Diaz. Board Member Zannaras seconded the nomination. There were no other nominations. Mr. Diaz was elected President by a unanimous vote.

President Diaz asked for nominations for Vice President. He nominated absent Board Member Stephen Ynostrosa. Board Member McCarley seconded the nomination. There were no other nominations. Mr. Ynostrosa was elected Vice President by a unanimous vote.

Mr. Diaz asked for nominations for Treasurer. He nominated Board Member McCarley. Board Member Guerra seconded the nomination. There were no other nominations. Mr. McCarley was elected Treasurer by a unanimous vote.

Mr. Diaz asked for nominations for Secretary. Dr. Zannaras nominated Board Member Marin. Mr. Guerra seconded the nomination. There were no other nominations. Ms. Marin was elected Secretary by a unanimous vote.

Ms. Marin asked that the term of officers be researched and reported on at the next meeting.

VII. FOLLOW UP DISCUSSION AND CONSIDERATION OF ACTION WITH ATTACHED RESOLUTION 2012-002, FUNDING WEBQA FOR GOLOCAL PROGRAM WITH 1-YEAR SUBSCRIPTION IN THE AMOUNT OF \$3,800

Ms. Flores introduced Ms. Lisa Dowling with WebQA who did a remote presentation on a GoLocal Program. The LVEDC Board Members were able to watch the computer screen to see how Ms. Dowling maneuvered through an existing GoLocal Program website from another city. After the short presentation, Board Member Marin asked how the program is optimized. Ms. Dowling said that the participating businesses are encouraged to register with Google to increase the chances of getting more inquiries. Ms. Flores stated that the program would be limited to Leon Valley businesses. Ms. Dowling stated that WebQA would go out and help the businesses register for the program. Ms. Marin mentioned that a list of home-based businesses does not exist; and wanted to know how to get them involved in the program. Ms. Dowling stated that a list was not needed; and that the WebQA team would do the research to find the businesses

Board Member McCarley asked whether the businesses could advertise directly through WebQA or if they had to go through the City of Leon Valley's website. Ms. Dowling said that the businesses did not have to go through the City's website; they could advertise directly.

Board Member Segovia asked about the cost and payment for advertising. Ms. Dowling explained that the advertising module was separate from the general set up and contract. That module is optional. If it was added, WebQA would work with the City of Leon Valley to structure the payments. Board Member Marin asked for confirmation that the annual rate was reduced for subsequent years. Ms. Dowling stated that the subsequent years do not have a start-up or set-up fee. She also mentioned that the contract would be structured for one year with an option to renew. It was clarified that the cost for the first year would be \$3,800 -- \$800 for the start-up or set-up and \$3,000 for the one-year subscription (\$250 per month). Ms. Marin asked if there were proprietary rights and disclaimers for the site. Ms. Dowling said that can be done. Mr. Segovia asked if the City/LVEDC would have control of the website. Ms. Dowling said "yes". Ms. Marin asked about questionable businesses placing inappropriate content on the site and how we can prevent it. Ms. Dowling stated that WebQA would be monitoring the site regularly to prevent things like that from happening.

Board Member Segovia moved for the LVEDC to enter into an agreement with WebQA for one year at \$3,800 with an option to renew at \$3,000 per year. Board Member Zannaras seconded the motion. Board Member Marin asked staff to research whether this item needed to be taken to City Council for Approval. Ms. Flores stated that it was not necessary. The motion passed unanimously.

Board Member Guerra left the meeting at 9:30 p.m.

VIII. DISCUSSION AND CONSIDERATION OF ACTION WITH ATTACHED RESOLUTION 2012-004, REGARDING BANK SIGNATURE DE

Board Member Zannaras moved to approve the resolution approving the newly elected board president, vice president and treasurer as bank signature designees. President Diaz seconded the motion. Board Member Segovia asked if this was for joint signatures. Discussion ensued regarding whether to amend the resolution to include language regarding Board Member Ynostrosa's acceptance of the Vice President position. Dr. Zannaras withdrew her motion. Ms. Marin moved to pass the resolution pending Mr. Ynostrosa's acceptance of the Vice President position. Dr. Zannaras seconded the motion. Mr. Peña stated that it was not valid until Mr. Ynostrosa accepted. Ms. Marin withdrew her motion. Dr. Zannaras withdrew her second. Dr. Zannaras moved to accept the resolution as written. Ms. Marin seconded the motion. The motion passed unanimously.

IX. DISCUSSION AND CONSIDERATION OF ACTION WITH ATTACHED RESOLUTION 2012-004, REGARDING TEXAS ECONOMIC DEVELOPMENT COUNCIL MEMBERSHIP FOR CLAUDIA MORA AND HERMAN SEGOVIA AND TRAVEL RELATED EXPENSES FOR TRAINING

Ms. Mora informed the Board of the next 4B sales tax training session to be conducted by the Texas Economic Development Council (TEDC). In addition, she distributed copies of the TEDC training schedule. Board Attorney Peña reminded the Board of State training requirements.

Board Member McCarley moved to pass the resolution approving expenses associated with Texas Economic Development Council membership for Claudia Mora and Herman Segovia, and travel-related expenses for training. Board Member Marin seconded the motion. The motion passed unanimously.

X. EXECUTIVE SESSION IN ACCORDANCE WITH THE TEXAS GOVERNMENT CODE

The City of Leon Valley Economic Development Corporation Board Convened into Executive Session at 9:44 p.m. regarding the following sections of the Texas Government Code:

- A. Pursuant to Section 551.071, Consultation with Attorney, Regarding Pending or Contemplated Litigation Regarding
 - (1) DOCUmentation Contract
 - (2) Porky J's
- B. The City of Leon Valley Economic Development Corporation Board will Reconvene into Open Session.
- C. The City of Leon Valley Economic Development Corporation Board will Take Any Possible Actions Resulting from the Executive Session.

The Board reconvened into open session at 10:00 p.m.

There was NO ACTION TAKEN in Executive Session on Item A.) Pursuant to Section 551.071, Consultation with Attorney, Regarding Pending or Contemplated Litigation Regarding (1) DOCUmentation Contract; (2) Porky J's.

Board Member Segovia moved for the Board to direct Board Attorney Steven Peña to pursue litigation on Porky J's and void the DOCUmentation contract as not valid, and send a letter to DOCUmentation. Board Member McCarley seconded the motion. Board Member Marin asked that two separate

motions be voted on by the Board. Mr. Segovia amended his motion to state that the Board direct the Board Attorney to send a letter to DOCUmentation informing them that the contract entered into with the LVEDC is not valid. Board Member Zannaras seconded the motion. The motion passed unanimously.

Mr. Segovia moved for the Board to direct the Board Attorney to file litigation against Porky J's. Mr. McCarley seconded the motion. The motion passed unanimously.

XI. FUTURE AGENDA ITEMS

Board President Diaz stated that the Board needs to discuss policy and procedures on funding sales tax generating businesses and non-sales tax generating businesses. Board Member Marin stated that having a strategic plan would help the LVEDC set a course. Mr. Diaz stated that developing a strategic plan would take a long time and the need for action was immediate. Ms. Flores informed the board that staff has been working on documents for the LVEDC programs. Board Member Segovia stated that the Board needed to have policy procedures for grant applications with specific deadlines. Board Attorney Peña stated that the Board should rely on the professionals (staff) to develop these policies for the Board to consider. Ms. Flores added that staff wanted to build an application process that included a waiting period for re-application by interested businesses.

Mr. Diaz directed staff to work on the future agenda items listed and present recommendations to the Board. Mr. Peña commented that the policies should not strap the board. Ms. Marin asked that Item B – Discussion and Job Description for LVEDC Economic Development Executive Director be removed from the list.

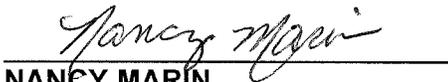
Board President Diaz took the opportunity to thank Ms. Flores for her work with the Board in the interim period. Board Member Zannaras stated that there has been much more cooperation between Economic Development and other City departments. Board Member Marin acknowledged Ms. Flores and her work with the Board.

XII. ADJOURN

Board Member Segovia moved to adjourn, seconded by Board Member McCarley. The motion carried by voice vote and the meeting was adjourned at 10:30 p.m.



ABRAHAM DIAZ
BOARD PRESIDENT



NANCY MARIN
BOARD SECRETARY

Prepared by Staff Liaison: Claudia Mora